

Cement producers told to give concrete reasons for price hikes



The Domestic Trade and Consumer Affairs Ministry (KPDNHEP) Minister Datuk Seri Saifuddin Nasution Ismail says cement prices could not be raised without the prior approval of the ministry. - NSTP.

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PUTRAJAYA: The Domestic Trade and Consumer Affairs Ministry (KPDNHEP) wants cement producers to explain why they raised the prices of the construction material.

Producers nationwide are being issued a notice to this effect under Section 21 of the Price Control and Anti-Profiteering Act 2011.

The ministry, in a statement, today, said cement manufacturers had seven days to explain themselves.

Failure to do so will result in action being taken against them under the same law.

Suppliers had notified customers that cement prices would go up by between 40 and 50 per cent on June 15 or July 1.

Minister Datuk Seri Saifuddin Nasution Ismail said cement prices could not be raised without the prior approval of KPDNHEP.

He said this was stated in the "Special Conditions for Cement Wholesaler" which comes under the Control of Supply Regulations Act 1974.

"So far, KPDNHEP has not received any official inquiry from cement producer companies on this issue (increasing the price of cement), he said today.

Earlier in the day, cement manufacturers said prices had been falling since 2016 and had reached an unsustainable level.

The Cement and Concrete Association of Malaysia said it could not comment on the price hikes as they were set independently by cement manufacturers.

It however stressed that the cement industry was highly capital intensive and a reasonable return on investment was needed to meet the expectations of stakeholders.

The association also highlighted that the industry had been suffering from cost increases such as higher electricity tariffs in the past few years, following the withdrawal of the special industrial tariff, and the implementation of the Imbalance Cost Past-Through (ICPT) mechanism.

In addition, it said packing materials had become more costly following the increase in pulp prices.

It said higher prices for imported fuel materials, engineering spares as well as equipment had further compounded the problem of rising costs.

On Sunday, Finance Minister Lim Guan Eng told reporters in Penang that he would bring the matter up with Saifuddin.

He stressed that there was no concrete reason to raise the prices of cement as the ringgit had been strengthening of late, while the materials used to produce cement was sourced locally.

Real Estate and Housing Developers' Association (Rehda) Penang chairman Datuk Toh Chin Leong said members had been providing negative feedback since they received the cement price notification.

He said it would cause the price of houses to go up.

"There were previous increases, but it was slight.

"However, this is a big hike and will surely will impact house prices," he said.

